



Rep. Tom Cross

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09700SB1673ham004

LRB097 07605 JWD 70319 a

1 AMENDMENT TO SENATE BILL 1673

2 AMENDMENT NO. _____. Amend Senate Bill 1673, AS AMENDED,
3 with reference to page and line numbers of House Amendment No.
4 No. 3 as follows:

5 on page 15, line 24, after "Section" insert "2-110.3,"; and

6 on page 16, line 4, after "Section" insert "2-110.3,"; and

7 on page 17, line 12, after "Section" insert "2-110.3,"; and

8 on page 18, line 7, after "Section" insert "2-110.3,"; and

9 on page 18, line 19, after "Section" insert "2-110.3,"; and

10 on page 25, line 3, delete "16-163, 16-165,"; and

11 on page 25, line 8, after "16-131.7," insert "and", and delete

1 ", and 16-158.2"; and

2 replace page 242, line 2, through page 268, line 5, with the
3 following:

4 "(40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

5 Sec. 16-158. Contributions by State and other employing
6 units.

7 (a) Except as otherwise provided in this Section, the ~~The~~
8 State shall make contributions to the System by means of
9 appropriations from the Common School Fund and other State
10 funds of amounts which, together with other employer
11 contributions, employee contributions, investment income, and
12 other income, will be sufficient to meet the cost of
13 maintaining and administering the System on a 90% funded basis
14 in accordance with actuarial recommendations.

15 The Board shall determine the amount of State contributions
16 required for each fiscal year on the basis of the actuarial
17 tables and other assumptions adopted by the Board and the
18 recommendations of the actuary, using the formula in subsection
19 (b-3).

20 (a-1) Annually, on or before November 15, the Board shall
21 certify to the Governor the amount of the required State
22 contribution for the coming fiscal year. The certification
23 shall include a copy of the actuarial recommendations upon
24 which it is based.

1 On or before May 1, 2004, the Board shall recalculate and
2 recertify to the Governor the amount of the required State
3 contribution to the System for State fiscal year 2005, taking
4 into account the amounts appropriated to and received by the
5 System under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act.

7 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
8 recalculate and recertify to the Governor the amount of the
9 required State contribution to the System for State fiscal year
10 2006, taking into account the changes in required State
11 contributions made by this amendatory Act of the 94th General
12 Assembly.

13 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
14 recalculate and recertify to the Governor the amount of the
15 required State contribution to the System for State fiscal year
16 2011, applying the changes made by Public Act 96-889 to the
17 System's assets and liabilities as of June 30, 2009 as though
18 Public Act 96-889 was approved on that date.

19 (a-5) On or before November 1 of each year, beginning
20 November 1, 2012, the Board shall submit to the State Actuary a
21 proposed certification of the amount of the required State
22 contribution to the System for the next fiscal year, along with
23 all of the actuarial assumptions, calculations, and data upon
24 which that proposed certification is based. On or before
25 January 1 of each year beginning January 1, 2013, the State
26 Actuary shall issue a preliminary report concerning the

1 proposed certification and identifying, if necessary,
2 recommended changes in actuarial assumptions that the Board
3 must consider before finalizing its certification of the
4 required State contributions. On or before January 15, 2013 and
5 each January 15 thereafter, the Board shall certify to the
6 Governor and the General Assembly the amount of the required
7 State contribution for the next fiscal year. The Board's
8 certification must note any deviations from the State Actuary's
9 recommended changes, the reason or reasons for not following
10 the State Actuary's recommended changes, and the fiscal impact
11 of not following the State Actuary's recommended changes on the
12 required State contribution.

13 (b) Through State fiscal year 1995, the State contributions
14 shall be paid to the System in accordance with Section 18-7 of
15 the School Code.

16 (b-1) Beginning in State fiscal year 1996, on the 15th day
17 of each month, or as soon thereafter as may be practicable, the
18 Board shall submit vouchers for payment of State contributions
19 to the System, in a total monthly amount of one-twelfth of the
20 required annual State contribution certified under subsection
21 (a-1). From the effective date of this amendatory Act of the
22 93rd General Assembly through June 30, 2004, the Board shall
23 not submit vouchers for the remainder of fiscal year 2004 in
24 excess of the fiscal year 2004 certified contribution amount
25 determined under this Section after taking into consideration
26 the transfer to the System under subsection (a) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by
2 the State Comptroller and Treasurer by warrants drawn on the
3 funds appropriated to the System for that fiscal year.

4 If in any month the amount remaining unexpended from all
5 other appropriations to the System for the applicable fiscal
6 year (including the appropriations to the System under Section
7 8.12 of the State Finance Act and Section 1 of the State
8 Pension Funds Continuing Appropriation Act) is less than the
9 amount lawfully vouchered under this subsection, the
10 difference shall be paid from the Common School Fund under the
11 continuing appropriation authority provided in Section 1.1 of
12 the State Pension Funds Continuing Appropriation Act.

13 (b-2) Allocations from the Common School Fund apportioned
14 to school districts not coming under this System shall not be
15 diminished or affected by the provisions of this Article.

16 (b-3) For State fiscal years 2012 and 2013 ~~through 2045~~,
17 the minimum contribution to the System to be made by the State
18 for each fiscal year shall be an amount determined by the
19 System to be sufficient to bring the total assets of the System
20 up to 90% of the total actuarial liabilities of the System by
21 the end of State fiscal year 2045. In making these
22 determinations, the required State contribution shall be
23 calculated each year as a level percentage of payroll over the
24 years remaining to and including fiscal year 2045 and shall be
25 determined under the projected unit credit actuarial cost
26 method.

1 For State fiscal years 1996 through 2005, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 so that by State fiscal year 2011, the State is contributing at
5 the rate required under this Section; except that in the
6 following specified State fiscal years, the State contribution
7 to the System shall not be less than the following indicated
8 percentages of the applicable employee payroll, even if the
9 indicated percentage will produce a State contribution in
10 excess of the amount otherwise required under this subsection
11 and subsection (a), and notwithstanding any contrary
12 certification made under subsection (a-1) before the effective
13 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
14 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
15 2003; and 13.56% in FY 2004.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2006 is
18 \$534,627,700.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2007 is
21 \$738,014,500.

22 For each of State fiscal years 2008 through 2009, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 from the required State contribution for State fiscal year
26 2007, so that by State fiscal year 2011, the State is

1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2010 is
4 \$2,089,268,000 and shall be made from the proceeds of bonds
5 sold in fiscal year 2010 pursuant to Section 7.2 of the General
6 Obligation Bond Act, less (i) the pro rata share of bond sale
7 expenses determined by the System's share of total bond
8 proceeds, (ii) any amounts received from the Common School Fund
9 in fiscal year 2010, and (iii) any reduction in bond proceeds
10 due to the issuance of discounted bonds, if applicable.

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2011 is
13 the amount recertified by the System on or before April 1, 2011
14 pursuant to subsection (a-1) of this Section and shall be made
15 from the proceeds of bonds sold in fiscal year 2011 pursuant to
16 Section 7.2 of the General Obligation Bond Act, less (i) the
17 pro rata share of bond sale expenses determined by the System's
18 share of total bond proceeds, (ii) any amounts received from
19 the Common School Fund in fiscal year 2011, and (iii) any
20 reduction in bond proceeds due to the issuance of discounted
21 bonds, if applicable. This amount shall include, in addition to
22 the amount certified by the System, an amount necessary to meet
23 employer contributions required by the State as an employer
24 under paragraph (e) of this Section, which may also be used by
25 the System for contributions required by paragraph (a) of
26 Section 16-127.

1 ~~Beginning in State fiscal year 2046, the minimum State~~
2 ~~contribution for each fiscal year shall be the amount needed to~~
3 ~~maintain the total assets of the System at 90% of the total~~
4 ~~actuarial liabilities of the System.~~

5 Amounts received by the System pursuant to Section 25 of
6 the Budget Stabilization Act or Section 8.12 of the State
7 Finance Act in any fiscal year do not reduce and do not
8 constitute payment of any portion of the minimum State
9 contribution required under this Article in that fiscal year.
10 Such amounts shall not reduce, and shall not be included in the
11 calculation of, the required State contributions under this
12 Article in any future year until the System has reached a
13 funding ratio of at least 90%. A reference in this Article to
14 the "required State contribution" or any substantially similar
15 term does not include or apply to any amounts payable to the
16 System under Section 25 of the Budget Stabilization Act.

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter, as calculated
20 under this Section and certified under subsection (a-1), shall
21 not exceed an amount equal to (i) the amount of the required
22 State contribution that would have been calculated under this
23 Section for that fiscal year if the System had not received any
24 payments under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act, minus (ii) the portion of the State's
26 total debt service payments for that fiscal year on the bonds

1 issued in fiscal year 2003 for the purposes of that Section
2 7.2, as determined and certified by the Comptroller, that is
3 the same as the System's portion of the total moneys
4 distributed under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act. In determining this maximum for State
6 fiscal years 2008 through 2010, however, the amount referred to
7 in item (i) shall be increased, as a percentage of the
8 applicable employee payroll, in equal increments calculated
9 from the sum of the required State contribution for State
10 fiscal year 2007 plus the applicable portion of the State's
11 total debt service payments for fiscal year 2007 on the bonds
12 issued in fiscal year 2003 for the purposes of Section 7.2 of
13 the General Obligation Bond Act, so that, by State fiscal year
14 2011, the State is contributing at the rate otherwise required
15 under this Section.

16 (b-5) If at least 50% of Tier I employees making an
17 election under Section 16-131.7 before June 1, 2013 choose the
18 option under paragraph (1) of subsection (a) of that Section,
19 then:

20 (1) In lieu of the State contributions required under
21 subsection (e), for State fiscal years 2014 through 2043
22 the minimum contribution to the System to be made by the
23 State for each fiscal year shall be an amount determined by
24 the System to be equal to the sum of (1) the State's
25 portion of the projected normal cost for that fiscal year,
26 plus (2) an amount sufficient to bring the total assets of

1 the System up to 100% of the total actuarial liabilities of
2 the System by the end of State fiscal year 2043. In making
3 these determinations, the required State contribution
4 shall be calculated each year as a level percentage of
5 payroll over the years remaining to and including fiscal
6 year 2043 and shall be determined under the projected unit
7 credit actuarial cost method.

8 (2) Beginning in State fiscal year 2044, the minimum
9 State contribution for each fiscal year shall be the amount
10 needed to maintain the total assets of the System at 100%
11 of the total actuarial liabilities of the System.

12 (b-6) If less than 50% of Tier I employees making an
13 election under Section 17-131.7 before June 1, 2013 choose the
14 option under paragraph (1) of subsection (a) of that Section,
15 then:

16 (1) Instead of the annual required contribution
17 otherwise specified in subsection (b-5) of this Section,
18 the annual required contribution to the System to be made
19 by the State shall be determined under subsection (e) of
20 this Section.

21 (2) As soon as possible after June 1, 2014, the Board
22 shall recertify the annual required contribution by the
23 State for State fiscal year 2015.

24 (c) Payment of the required State contributions and of all
25 pensions, retirement annuities, death benefits, refunds, and
26 other benefits granted under or assumed by this System, and all

1 expenses in connection with the administration and operation
2 thereof, are obligations of the State.

3 If members are paid from special trust or federal funds
4 which are administered by the employing unit, whether school
5 district or other unit, the employing unit shall pay to the
6 System from such funds the full accruing retirement costs based
7 upon that service, as determined by the System. Employer
8 contributions, based on salary paid to members from federal
9 funds, may be forwarded by the distributing agency of the State
10 of Illinois to the System prior to allocation, in an amount
11 determined in accordance with guidelines established by such
12 agency and the System.

13 (d) Effective July 1, 1986, any employer of a teacher as
14 defined in paragraph (8) of Section 16-106 shall pay the
15 employer's normal cost of benefits based upon the teacher's
16 service, in addition to employee contributions, as determined
17 by the System. Such employer contributions shall be forwarded
18 monthly in accordance with guidelines established by the
19 System.

20 However, with respect to benefits granted under Section
21 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
22 of Section 16-106, the employer's contribution shall be 12%
23 (rather than 20%) of the member's highest annual salary rate
24 for each year of creditable service granted, and the employer
25 shall also pay the required employee contribution on behalf of
26 the teacher. For the purposes of Sections 16-133.4 and

1 16-133.5, a teacher as defined in paragraph (8) of Section
2 16-106 who is serving in that capacity while on leave of
3 absence from another employer under this Article shall not be
4 considered an employee of the employer from which the teacher
5 is on leave.

6 (e) Beginning July 1, 1998, every employer of a teacher
7 shall pay to the System an employer contribution computed as
8 follows:

9 (1) Beginning July 1, 1998 through June 30, 1999, the
10 employer contribution shall be equal to 0.3% of each
11 teacher's salary.

12 (2) Beginning July 1, 1999 and thereafter, the employer
13 contribution shall be equal to 0.58% of each teacher's
14 salary.

15 The school district or other employing unit may pay these
16 employer contributions out of any source of funding available
17 for that purpose and shall forward the contributions to the
18 System on the schedule established for the payment of member
19 contributions.

20 These employer contributions are intended to offset a
21 portion of the cost to the System of the increases in
22 retirement benefits resulting from this amendatory Act of 1998.

23 Each employer of teachers is entitled to a credit against
24 the contributions required under this subsection (e) with
25 respect to salaries paid to teachers for the period January 1,
26 2002 through June 30, 2003, equal to the amount paid by that

1 employer under subsection (a-5) of Section 6.6 of the State
2 Employees Group Insurance Act of 1971 with respect to salaries
3 paid to teachers for that period.

4 The additional 1% employee contribution required under
5 Section 16-152 by this amendatory Act of 1998 is the
6 responsibility of the teacher and not the teacher's employer,
7 unless the employer agrees, through collective bargaining or
8 otherwise, to make the contribution on behalf of the teacher.

9 If an employer is required by a contract in effect on May
10 1, 1998 between the employer and an employee organization to
11 pay, on behalf of all its full-time employees covered by this
12 Article, all mandatory employee contributions required under
13 this Article, then the employer shall be excused from paying
14 the employer contribution required under this subsection (e)
15 for the balance of the term of that contract. The employer and
16 the employee organization shall jointly certify to the System
17 the existence of the contractual requirement, in such form as
18 the System may prescribe. This exclusion shall cease upon the
19 termination, extension, or renewal of the contract at any time
20 after May 1, 1998.

21 (f) If the amount of a teacher's salary for any school year
22 used to determine final average salary exceeds the member's
23 annual full-time salary rate with the same employer for the
24 previous school year ~~by more than 6%~~, the teacher's employer
25 shall pay to the System, in addition to all other payments
26 required under this Section and in accordance with guidelines

1 established by the System, the present value of the increase in
2 benefits resulting from the ~~portion of the~~ increase in salary
3 ~~that is in excess of 6%~~. This present value shall be computed
4 by the System on the basis of the actuarial assumptions and
5 tables used in the most recent actuarial valuation of the
6 System that is available at the time of the computation. If a
7 teacher's salary for the 2005-2006 school year is used to
8 determine final average salary under this subsection (f), then
9 the changes made to this subsection (f) by Public Act 94-1057
10 shall apply in calculating whether the increase in his or her
11 salary is in excess of 6%. For the purposes of this Section,
12 change in employment under Section 10-21.12 of the School Code
13 on or after June 1, 2005 shall constitute a change in employer.
14 The System may require the employer to provide any pertinent
15 information or documentation. The changes made to this
16 subsection (f) by this amendatory Act of the 94th General
17 Assembly apply without regard to whether the teacher was in
18 service on or after its effective date. The changes to this
19 subsection (removing the 6% increase permitted without payment
20 to the System by the employer) made by this amendatory Act of
21 the 97th General Assembly do not apply to a teacher who is
22 covered by a collective bargaining agreement or employment
23 contract in effect on the effective date of this amendatory Act
24 that provides for such increases, until such time as that
25 agreement or contract expires or is amended or renewed.

26 Whenever it determines that a payment is or may be required

1 under this subsection, the System shall calculate the amount of
2 the payment and bill the employer for that amount. The bill
3 shall specify the calculations used to determine the amount
4 due. If the employer disputes the amount of the bill, it may,
5 within 30 days after receipt of the bill, apply to the System
6 in writing for a recalculation. The application must specify in
7 detail the grounds of the dispute and, if the employer asserts
8 that the calculation is subject to subsection (g) or (h) of
9 this Section, must include an affidavit setting forth and
10 attesting to all facts within the employer's knowledge that are
11 pertinent to the applicability of that subsection. Upon
12 receiving a timely application for recalculation, the System
13 shall review the application and, if appropriate, recalculate
14 the amount due.

15 The employer contributions required under this subsection
16 (f) may be paid in the form of a lump sum within 90 days after
17 receipt of the bill. If the employer contributions are not paid
18 within 90 days after receipt of the bill, then interest will be
19 charged at a rate equal to the System's annual actuarially
20 assumed rate of return on investment compounded annually from
21 the 91st day after receipt of the bill. Payments must be
22 concluded within 3 years after the employer's receipt of the
23 bill.

24 (g) This subsection (g) applies only to payments made or
25 salary increases given on or after June 1, 2005 but before July
26 1, 2011. The changes made by Public Act 94-1057 shall not

1 require the System to refund any payments received before July
2 31, 2006 (the effective date of Public Act 94-1057).

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude salary increases paid to teachers
5 under contracts or collective bargaining agreements entered
6 into, amended, or renewed before June 1, 2005.

7 When assessing payment for any amount due under subsection
8 (f), the System shall exclude salary increases paid to a
9 teacher at a time when the teacher is 10 or more years from
10 retirement eligibility under Section 16-132 or 16-133.2.

11 When assessing payment for any amount due under subsection
12 (f), the System shall exclude salary increases resulting from
13 overload work, including summer school, when the school
14 district has certified to the System, and the System has
15 approved the certification, that (i) the overload work is for
16 the sole purpose of classroom instruction in excess of the
17 standard number of classes for a full-time teacher in a school
18 district during a school year and (ii) the salary increases are
19 equal to or less than the rate of pay for classroom instruction
20 computed on the teacher's current salary and work schedule.

21 When assessing payment for any amount due under subsection
22 (f), the System shall exclude a salary increase resulting from
23 a promotion (i) for which the employee is required to hold a
24 certificate or supervisory endorsement issued by the State
25 Teacher Certification Board that is a different certification
26 or supervisory endorsement than is required for the teacher's

1 previous position and (ii) to a position that has existed and
2 been filled by a member for no less than one complete academic
3 year and the salary increase from the promotion is an increase
4 that results in an amount no greater than the lesser of the
5 average salary paid for other similar positions in the district
6 requiring the same certification or the amount stipulated in
7 the collective bargaining agreement for a similar position
8 requiring the same certification.

9 When assessing payment for any amount due under subsection
10 (f), the System shall exclude any payment to the teacher from
11 the State of Illinois or the State Board of Education over
12 which the employer does not have discretion, notwithstanding
13 that the payment is included in the computation of final
14 average salary.

15 (h) When assessing payment for any amount due under
16 subsection (f), the System shall exclude any salary increase
17 described in subsection (g) of this Section given on or after
18 July 1, 2011 but before July 1, 2014 under a contract or
19 collective bargaining agreement entered into, amended, or
20 renewed on or after June 1, 2005 but before July 1, 2011.
21 Notwithstanding any other provision of this Section, any
22 payments made or salary increases given after June 30, 2014
23 shall be used in assessing payment for any amount due under
24 subsection (f) of this Section.

25 (i) The System shall prepare a report and file copies of
26 the report with the Governor and the General Assembly by

1 January 1, 2007 that contains all of the following information:

2 (1) The number of recalculations required by the
3 changes made to this Section by Public Act 94-1057 for each
4 employer.

5 (2) The dollar amount by which each employer's
6 contribution to the System was changed due to
7 recalculations required by Public Act 94-1057.

8 (3) The total amount the System received from each
9 employer as a result of the changes made to this Section by
10 Public Act 94-4.

11 (4) The increase in the required State contribution
12 resulting from the changes made to this Section by Public
13 Act 94-1057.

14 (j) For purposes of determining the required State
15 contribution to the System, the value of the System's assets
16 shall be equal to the actuarial value of the System's assets,
17 which shall be calculated as follows:

18 As of June 30, 2008, the actuarial value of the System's
19 assets shall be equal to the market value of the assets as of
20 that date. In determining the actuarial value of the System's
21 assets for fiscal years after June 30, 2008, any actuarial
22 gains or losses from investment return incurred in a fiscal
23 year shall be recognized in equal annual amounts over the
24 5-year period following that fiscal year.

25 (k) For purposes of determining the required State
26 contribution to the system for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal
2 to the system's actuarially assumed rate of return.

3 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
4 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
5 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)".